

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: QWEST CORPORATION	DOCKET NO. TF-02-509 (RPU-00-1)
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**ORDER DOCKETING TARIFF, AND ESTABLISHING
PROCEDURAL SCHEDULE**

(Issued October 30, 2002)

On October 3, 2002, Qwest Corporation (Qwest) filed with the Utilities Board (Board) a proposed tariff revision and supporting documents, identified as Docket No. TF-02-509. Revisions to the proposed tariff were filed on October 24, 2002. Qwest requests the Board approve its tariff revision, which reflects a reduction in its public access line (PAL) rates. Qwest states that the reduction is consistent with Section 276 of the Telecommunications Act of 1996 (Act) and the Federal Communications Commission's (FCC's) decisions interpreting the Act which require Bell operating companies, such as Qwest, to comply with the flexible, cost-based new services test.¹ Qwest has requested that the revised tariff become effective November 7, 2002, concurrent with the anniversary date of its price plan.

Qwest also requests the Board allow Qwest to implement the year-three basic communications services (BCS) reduction deferred in 2001 pursuant to section III(E)

¹ Memorandum Opinion and Order, In the Matter of Wisconsin Public Service Commission Order Directing Filings, FCC 02-25, CPD No. 00-01, Jan. 28, 2002. See also Payphone Reconsideration Order, 11 FCC Rcd at 20614, para. 146.

of its price regulation plan. The price regulation plan was approved by the Board on September 29, 1998, with modifications accepted on October 8, 1998. In its revised tariff filing, Qwest asserts that it is entitled to offset a revenue decrease realized as a result of deaveraging business rates in Docket No. RPU-00-1 and that its remaining obligation is to decrease BCS revenues. Qwest proposes to implement the deferred price decrease from year three of its original price regulation plan by decreasing the rates for PAL in accordance with the FCC's orders. Qwest states that this will not fully offset its reduced PAL revenues. Qwest asserts that the PAL rate decreases are an "exogenous factor" for purposes of section III(G) of its price regulation plan, and it may therefore seek proportional increases in other rates to offset some of the revenue it will forgo as a result of decreasing PAL rates.

On October 23, 2002, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an objection to Qwest's tariff filing. Consumer Advocate objects to Qwest's proposal to implement the deferred price decrease from year three of the original plan by decreasing only its PAL rates and asserts that all BCS prices should be reduced equally. Consumer Advocate also objects to Qwest's proposal to offset a revenue decrease realized as a result of deaveraging business rates in Docket No. RPU-00-1. Consumer Advocate asserts that Qwest is not entitled to any offset as a result of rate decreases implemented as a result of the issues determined in Docket No. RPU-00-1, and takes issue with the amount of the rate decrease claimed by Qwest.

Iowa Code § 476.6 requires Board approval before a new rate or charge of a rate-regulated utility is effective and the docketing of the case for a formal proceeding suspends the effective date of the new rates. It appears that the issues raised by Consumer Advocate involve legal issues that involve the interpretation of the price regulation plan as well as factual issues regarding Qwest's calculations. The Board finds that the proposed tariff should be docketed and a procedural schedule established.

IT IS THEREFORE ORDERED:

1. The proposed tariff filed by Qwest Corporation on October 3, 2002, identified as Docket No. TF-02-509, is docketed for investigation pursuant to Iowa Code §§ 476.3, 476.6(7), and 476.97
2. The following procedural schedule is established for this proceeding:
 - a. Qwest shall file prepared direct testimony, with supporting exhibits and workpapers, in support of its proposed tariff revision on or before December 4, 2002.
 - b. Consumer Advocate shall file any prepared direct testimony, with supporting exhibits and workpapers, on or before January 13, 2003.
 - c. Qwest shall file any rebuttal testimony, with supporting exhibits and workpapers, on or before January 24, 2003.
 - d. A hearing for the purpose of receiving testimony and cross-examination of all testimony will commence at 9:00 a.m. on February 11,

2003, in the Board's hearing room at 350 Maple Street, Des Moines, Iowa.

Parties shall appear at the hearing one-half hour prior to the time of hearing to mark exhibits. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Board at 515-281-5256 to request that appropriate arrangements be made.

e. Any party desiring to file a brief may do so on or before
February 25, 2003.

3. In the absence of objection, all workpapers shall become a part of the evidentiary record at the time the related testimony and exhibits are entered in the record.

4. In the absence of objection, all data requests and responses referred to in oral testimony or cross-examination, which have not previously been filed with the Board, shall become a part of the evidentiary record. The party making reference to the data request or response shall file an original and six copies at the earliest possible time.

5. In the absence of objection, if the Board calls for further evidence on any issue and that evidence is filed after the close of hearing, the evidentiary record shall be reopened and the evidence will become a part of the evidentiary record five days after filing. All evidence filed pursuant to this paragraph shall be filed no later than seven days after the close of hearing.

6. Pursuant to 199 IAC 7.7(2) and (11), the time for filing responses or objections to data requests and motions will be shortened to seven days from the date the motion is filed or the data request is served. All data requests and motions should be served by facsimile transfer or by electronic mail, in addition to United States Mail.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 30th day of October, 2002.